
OLR Bill Analysis

HB 6550

AN ACT CONCERNING LOSS RATIO GUARANTEES FOR INDIVIDUAL HEALTH INSURANCE POLICIES.

SUMMARY:

This bill requires insurers to obtain approval for all individual health insurance rates from the insurance commissioner before their use in Connecticut.

It eliminates the two exceptions in current law to the insurance commissioner's authority to approve rates. The first exception allows rates (except rates for Medicare Supplement plans) to be deemed approved if the commissioner does not act on a filing within 30 days. The second exemption allows an insurer to use rates when they are filed if the insurer also files a loss ratio guarantee. Among other things, the guarantee is a promise that the actual loss ratio for the policy will meet or exceed the guaranteed loss ratio. A "loss ratio" is a ratio of incurred claims to earned premiums. If the insurer does not meet the guarantee, it must pay insured persons a premium rebate.

The bill also requires rate filings for individual health insurance policies to include an actuarial memorandum that contains pricing assumptions and claims experience, premium rates, and loss ratios from the policy inception.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/14/2013)